

CONTENTS

Consolidated Income Statement	39
Consolidated Balance Sheet	40
Balance Sheet	41
Consolidated Statement of Changes in Equity	42
Consolidated Cash Flow Statement	43
Notes to the Financial Statements	45
1. General	45
2. Application of Hong Kong financial reporting standards/ changes in accounting policies	45
2A. Summary of the effects of the changes in accounting policies	52
3. Significant accounting policies	56
4. Critical accounting judgement and key source of estimation uncertainty	67
5. Business and geographical segments	69
6. Financial risk management	73
7. Net interest income	85
8. Other operating income	85
9. Operating expenses	86
10. Directors' and employees' emoluments	86
11. Taxation	88
12. Dividends	89
13. Earnings per share	89
14. Cash and short-term funds	89
15. Investments in securities/certificates of deposit held	90
16. Advances and other accounts	92
17. Investments in subsidiaries	95
17A. Amounts due from subsidiaries	96

FINANCIAL STATEMENTS

18.	Interests in jointly controlled entities	96
18A.	Loan to a jointly controlled entity	97
19.	Investment properties.....	97
20.	Property and equipment	98
21.	Prepaid lease payments for land	100
22.	Deposits from customers	101
23.	Share capital	101
24.	Reserves	102
25.	Deferred taxation	103
26.	Share option scheme	104
27.	Loans to officers	104
28.	Acquisition of a subsidiary	105
29.	Liquidation of a subsidiary	106
30.	Impairment testing on goodwill	106
31.	Contingent liabilities and commitments.....	107
32.	Retirement benefits scheme	108
33.	Major non-cash transactions	109
34.	Related party transactions	109
	Unaudited Supplementary Financial Information	111
1.	Specialised committees	111
2.	Risk management	113
3.	Segmental information	115
4.	Advances to customers – by industry sectors	116
5.	Advances to customers – by geographical areas	116
6.	Cross-border claims.....	117
7.	Currency risk	118
8.	Overdue and rescheduled assets	119
9.	Capital adequacy and liquidity ratio	120
10.	Other financial information	120